

**Comments of Irene Dimitry
Vice President of Marketing and Renewables, DTE Energy
Michigan Senate
Energy and Technology Committee
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Good afternoon, Mr. Chairman and members of the Senate Energy and Technology Committee. My name is Irene Dimitry, and I am the Vice President of Marketing and Renewables at DTE Energy. I would like to thank the Committee for giving me the opportunity to testify today on clean energy.

By passing Public Acts 286 and 295 in 2008, the Legislature set a new course for Michigan's energy policy. I am here today to share our accomplishments, experiences and learnings over the last five years as we work toward meeting the goals and standards set in 2008.

Just 6 years ago, Michigan had less than 1% renewable energy capacity. While we had specialized programs, there was no statewide focus on energy optimization.

Today, we are poised to meet the 10% renewable energy portfolio standard by 2015. DTE has added about 900 megawatts of renewable energy capacity since 2008. Over the course of a year, our renewable generation can power a city over three times the size of Ann Arbor. DTE Energy is also Michigan's largest investor in wind energy. Our renewable energy projects will provide clean power for Michigan's families and businesses for many years to come.

In terms of energy efficiency, DTE Energy is currently exceeding targets set by the 2008 Energy Law. Since 2009, our energy efficiency programs have helped approximately 700,000 customers realize over \$300 million worth of energy savings in their homes and businesses. The energy conserved since 2009 amounts to the equivalent of powering all the homes in Lansing for more than three years and heating for one year. We are proud to help our customers to get the most value out of their energy use.

DTE Energy views our progress in renewable energy and energy efficiency as more than just numbers – they are a testament to our commitment to Michigan. We are proud supporters of our state's economy and are active members of the Pure Michigan Business Connect campaign. In the last two years alone, DTE has spent over \$1.6 billion with Michigan suppliers, supporting approximately 5,000 jobs. We plan to continue investing in both Michigan's energy future and Michigan's families and businesses.

I would like to share with you an additional aspect of DTE Energy's commitment to this state. Michigan has the cleanest air in forty years. And it will get even cleaner. DTE Energy continues to invest in dramatically reducing our emissions even as generation increases. By the end of 2018, DTE Electric projects that each megawatt hour of electricity we generate at our plants will result in 86 percent less particulate matter, 79 percent less sulfur-dioxide, 59 percent less nitrous oxide, 86 percent less mercury, and 24 percent less carbon compared to 2007 levels.

Looking ahead to a cleaner energy future, our goal is to provide competitive, affordable rates and ensure that Michigan always has the energy it needs to power our homes, businesses and institutions.

We've learned a lot over the last 5 years. I am here to share our key learnings and what we believe will enable Michigan's families and businesses to access affordable, reliable, and increasingly clean energy.

First, Michigan's future energy policy must be **flexible**. Flexibility will enable us to utilize the most cost effective technologies at the right time to minimize the financial impact on our consumers.

Second, a **stable and responsible regulatory construct** is critical. A stable regulatory system will encourage long term investment in the infrastructure that is needed to energize Michigan's homes and businesses.

Third, our **energy portfolio must be diverse**. No one can predict the future. Market conditions change constantly. Environmental requirements change. Technology changes. A diverse generation portfolio helps position Michigan for a reliable and affordable energy future under many scenarios.

Let's focus briefly on each of these three components.

The need for flexibility comes from our experience in ensuring affordability of our renewable and energy efficiency programs.

In 2008, the renewable surcharge was \$3.00 per bill for residential customers. We have reduced the surcharge by 85 percent to 43 cents per month. This reduction was driven in several ways. First, wind generation technology has evolved since 2008, so we have adjusted over time to take advantage of the most cost-effective technologies. Secondly, we've learned with each project and applied continuous improvement to each subsequent project. Finally, we've flexed our projects and schedules to capture savings for our customers when federal production tax credits were extended. Pulling forward these projects will save our customers hundreds of millions of dollars.

As we implemented our renewable energy plan, we included a solar program to learn more about solar technology. Our experience with solar generation highlights the need for flexibility in supplying the power for Michigan's energy future. While we found that wind is ready to be a real part of Michigan's energy mix, our experience with solar energy shows otherwise. Solar generation remains significantly more expensive than other forms of clean energy – approximately three to six times more expensive. Today, the cost of solar generation simply does not make sense for Michigan. However, if there is a real technology breakthrough that dramatically reduces solar costs in the future, we are ready.

Flexibility also plays an important role in energy efficiency. We are constantly adapting our energy efficiency programs to adjust to the market, ensure affordability, and meet our customers' needs. We have experienced good success with the initial program. However, as energy efficiency programs mature, we -- and others across the industry --- are finding that it is becoming more and more expensive to achieve that next level of energy savings.

Going forward, we do expect more advancements in energy efficiency, wind and other clean generation technologies. Under a flexible energy policy, we can utilize the most affordable technologies available to help us generate cleaner, reliable electricity while controlling costs.

Our second key learning over the past 5 years is that responsible regulation encourages investment in new generation.

Michigan's electric generation fleet is aging and federal environmental regulations are accelerating coal plant closures. Our state's energy future will require billions of dollars of long-term investment to ensure reliability. Responsible regulation helps attract long-term investment in baseload generation – investments that last anywhere from twenty to sixty years.

As we evaluate our state's future energy needs and the assets needed to meet demand, a lack of new investment in Michigan's own generation would be disastrous for Michigan's families and businesses.

Finally, we believe that diversifying our energy portfolio will move Michigan toward a cleaner, more balanced energy future.

As anyone with a 401K or an investment portfolio knows, putting all your eggs in one basket is not the most prudent approach for a stable future. We believe the same concept applies to an energy portfolio.

The extreme weather we experienced this past winter did more than just break records across the country. It highlighted the importance of having a diverse energy portfolio. States across the Northeast that rely heavily on natural gas could not get enough gas to power their plants and electricity prices skyrocketed. Some power prices soared nearly 2000 percent.¹ Having a diverse energy portfolio would have mitigated the risks to reliability and affordability that these states experienced this past winter.

The cost of electricity is affected by many more factors than it used to be. Commodity prices, fuel source availability, and environmental policies are driving fluctuations in the cost of electric generation. In order to be responsive to fluctuating costs, we need to have a diverse resource portfolio so we can rely on the energy sources that make sense for Michigan.

Guided by the right policies, Michigan can have a bright energy future – one powered by cleaner baseload power plants, renewable generation, and efficiency programs that make sense for Michigan's hard working men and women.

The Governor's energy initiative has provided a strong start and a framework for discussing Michigan's energy future among all key stakeholders. DTE Energy is committed to continue working with Michigan's legislators and regulators to deliver affordable, reliable, and cleaner energy. Thank you again for the opportunity to share our learnings and experiences with clean energy over the past five years.

I would be happy to take questions from the Committee at this time.

¹ PJM Eastern Hub Day ahead